

## WATER/WASTEWATER OPERATIONS AND MAINTENANCE FUND

### *Public Works Department*

#### PROGRAM OVERVIEW

The mission of the Water/Wastewater Utility is to provide water and sewer services to customers inside and outside the City. These services are provided with a commitment to public safety, efficient use of public resources, responsiveness to public concerns, and ensuring the orderly growth of services to the City. This division supports this mission in various ways:

- Administration and Engineering directs all departmental operations of the divisions within the Utility, reviews rates and fees to maintain fund balances, prepares the biennial Water/Wastewater Capital Investment Program (CIP), manages the design and construction of the utility's CIP, contributes to the City's Geographic Information System (GIS) and CIP, and serves as advisor to the Mayor and Council on utility issues.
- Development Services performs water/wastewater plan review for all commercial and residential development. This division was newly formed in 2002 to expedite the review, processing and approval of new development permit applications within the City.
- Natural Resources promotes protection of the groundwater and conservation of the drinking water resource. It tracks potential groundwater contamination sources, monitors levels and flow rates, evaluates protection measures and supplies educational information to help preserve the resource. It also coordinates the creation and distribution of the annual Consumer Confidence Report, which is distributed to all Redmond water customers.
- Operations maintains the City's water and wastewater systems. Responsibilities include maintaining water supply and distribution system, which includes five City-owned wells, six storage reservoirs, 67 pressure-reducing stations, and 255 miles of mainline pipe; and maintaining and operating the wastewater collection system, which includes 16 lift stations and 200 miles of pipe.

#### BUDGET OVERVIEW

Upon conclusion of the previous rate study in 2000, the Council directed the Utility to begin conducting rate studies every two years, coinciding with the development of the City's biennial budget. Consistent with this policy, in 2001 a rate study was conducted to determine whether current rates need to be revised in 2003 and 2004 based upon various factors including consumption, purchased water costs, Metro wastewater treatment costs, and the cost of maintaining and operating the water and wastewater systems. As in previous rate studies, a rate consultant was retained to evaluate the needs for the next biennium and the revenues required to meet those demands.

In mid-2002, the current rate study was completed. This study recommended a rate increase of 11.5% for water rates and 4.5% for sewer rates. This increase is necessitated by two factors. First, between 60% to 65% of the water consumed by residents and businesses within the City is purchased from the City of Seattle. In September 2002, the City of Seattle will increase its wholesale water rates by 17% and by another 7.5% in January 2004. The increase in wholesale rates from the City of Seattle is driving the majority of the 2003-2004 rate increase. Second, a rate increase is needed in order for the Utility to support the increased cost of operating and maintaining the City's water and sewer infrastructure.

Additional revenue from this rate increase is estimated at approximately \$3.0 million over the next two years.

The rate increase will allow the Utility to continue several key services and enable the Utility to continue efforts to protect the City's shallow aquifers by implementing the groundwater protection ordinance, by supporting the current water and sewer system, by supporting the conservation of valuable natural resources, and by ensuring that the City's water and sewer infrastructure is sized properly to support the City's current and forecasted needs.

According to the Association of Washington Cities, the City of Redmond still enjoys one of the lowest water and sewer rates in the region. The following table summarizes average residential water and sewer rates between the City and surrounding jurisdictions.

<b>Jurisdiction</b>	<b>Water Bill</b>	<b>Sewer Bill</b>	<b>Total<sup>1</sup></b>
City of Seattle	\$57.90	\$31.05	\$88.95
City of Kirkland	\$59.70	\$24.14	\$83.84
City of Bothell	\$53.50	\$30.07	\$83.57
City of Bellevue	\$53.84	\$20.40	\$74.24
City of Issaquah	\$48.81	\$23.44	\$72.25
Woodinville Water District	\$58.80	Not applicable	Not applicable
<b>City of Redmond (Revised)</b>	<b>\$51.85</b>	<b>\$18.38</b>	<b>\$70.23</b>
<b>City of Redmond (Current)</b>	<b>\$46.50</b>	<b>17.60</b>	<b>\$64.10</b>

1. Note: Billing figures based upon bi-monthly billing. Water usage based upon 10ccf per month and sewer usage based upon 7.5ccf per month (winter). Excludes Metro charge of \$23.40 per month.

**BUDGET OVERVIEW (continued)**

	REVENUES			
	1999-2000 Actual	2001-2002 Budget	2001-2002 Estimate	2003-2004 Budget
Beginning fund balance	\$3,732,287	\$1,818,843	\$2,220,872	\$1,941,216
Water sales	11,624,288	14,333,754	13,087,600	16,691,231
Sewer sales	16,142,070	18,196,675	17,000,785	18,906,186
Transfer from CIP	0	0	0	2,283,000
Miscellaneous revenues	1,477,558	879,532	1,310,964	848,276
<b>TOTAL REVENUES</b>	<b>\$32,976,203</b>	<b>\$35,228,804</b>	<b>\$33,620,221</b>	<b>\$40,669,909</b>

	EXPENDITURES			
	1999-2000 Actual	2001-2002 Budget	2001-2002 Estimate	2003-2004 Budget
Engineering and administration	\$5,702,600	\$6,177,697	\$4,923,431	\$5,175,070
Transfer to Construction	2,167,923	3,101,184	3,427,454	3,787,639
Water operations	2,984,569	3,039,313	3,040,783	3,415,964
Sewer operations	1,839,716	1,843,205	1,622,298	1,955,574
Natural resources	310,802	690,902	344,996	613,369
Development review	0	0	0	1,062,937
Revenue bond debt service	1,570,920	1,459,175	1,474,473	3,321,329
Purchased water	4,290,665	4,616,000	3,645,570	6,364,274
Metro wastewater treatment	12,247,755	13,200,000	13,200,000	13,726,710
Ending fund balance	0	1,101,328	0	1,247,043
<b>TOTAL EXPENDITURES</b>	<b>\$31,114,950</b>	<b>\$35,228,804</b>	<b>\$31,679,005</b>	<b>\$40,669,909</b>

<b>TOTAL FTEs</b>	<b>37.38</b>	<b>36.88</b>	<b>36.88</b>	<b>36.88</b>
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**2001-2002 ACCOMPLISHMENTS**

- Continued active participation in the Cascade Water Alliance for the development of a regional water supply.
- Provided timely plan reviews to ensure continuity of water and sewer services for the benefit of all City residents.
- Initiated programs that successfully met the 1% reduction goals as set forth by the “1% Conservation Program” to address the Endangered Species Act (ESA) listing of Chinook salmon.
- Improved levels of service to citizens, departments, and divisions (e.g., Geographical Information System), formation of the Development Services division, and warehouse inventory control.

- Continued to execute the CIP by completing Well No. 4 Rehabilitation; improvements to the NE 90<sup>th</sup> Street water and sewer mains; replacing the Cameret View main (landslide); West Lake Sammamish force main and telemetry autodialer; Rose Hall Supply Station 1 improvements; Reservoir Park tank upgrades; North Rose Hill Reservoir outlet meter, the South Rose Hill Reservoir inlet/outlet meter, and the West Lake Sammamish manhole; SE Redmond transmission main, Phase I; Removal of the Nike Tank Base; NE 40<sup>th</sup> Street interchange main, Fire Station #11 water line improvements, South Overlake area trunk improvements, Phase 1; rehabilitation of Lift Station #4, Phase 2; abandonment of Pump Station #16; design of City Center sewer improvements; NE 124<sup>th</sup> Street sewer trunk; and 104<sup>th</sup> Street sewer extension.
- Prepared and distributed 28,000 Consumer Confidence Reports on Redmond's water quality within EPA and state reporting deadlines and guidelines for each of the years 2001 and 2002.
- Provided water conservation and environmental education to more than 600 junior high students, 600 fourth and fifth graders, and their teachers through classroom curriculum and presentations, watershed festivals, workshops, and youth summer camps financed both directly and cooperatively with other utility partners.
- Completed more than ten classes and special events (including Derby Days, rain barrel sales, and the opening of Well #4) featuring water efficiency, natural gardening, and preservation of the natural resource and drinking water supply.
- Worked with utility partners to analyze the results of sustained water savings for the previous residential audit program and participated with regional partners to develop a regional audit program.
- Worked with other regional Seattle contractual partners during the water shortage declared in 2001 to achieve the goal of 10% water use reduction throughout the greater Seattle region across all customer classifications. Redmond achieved a 15% reduction during the peak summer season of 2001. The overall water consumption was reduced by 8% by the end of 2001.
- Developed and published a draft groundwater protection ordinance. Provided educational and informational opportunities to the public regarding this draft ordinance.

## **OTHER ACCOMPLISHMENTS**

- Provided development review services throughout the current growth phase.
- Continued to participate in the Cascade Water Alliance to develop regional water supplies.
- Completed second phase of the SE Redmond Transmission Main, including the rehabilitation of a .5 MG tank and pump station modifications.
- Began security enhancements at water facilities.
- Initiated Lift Station #14 rehabilitation project.
- Developed the Confined Space Rescue program including the construction of the rescue training facility and the development of the Public Works Confined Space Rescue Team.

## **2003-2004 WORKPLAN INITIATIVES**

- Continue to work with Seattle Public Utilities and other regional utility partners to develop and implement water conservation programs to meet the goals of the 1% Water Conservation Program addressing growth and the ESA listing of Chinook salmon. Work with natural resources partners

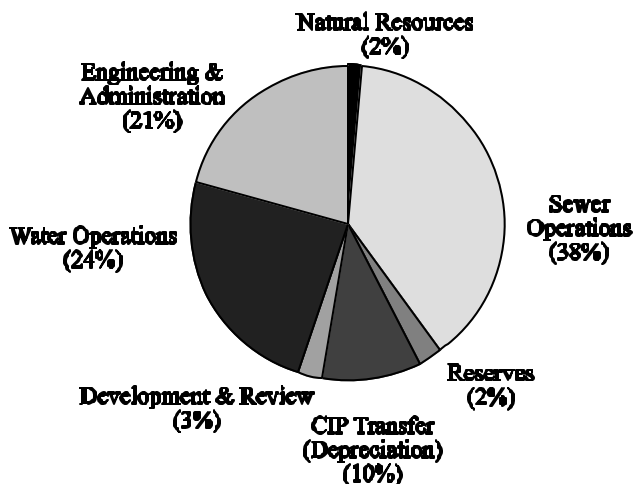
and other agencies to provide educational and information opportunities and programs designed for Redmond customers.

- Provide research and survey data to develop and implement incentive-based water conservation programs for residential, industrial, commercial, multi-family and irrigation customers.
- Develop and report results of water conservation savings and program evaluations designed to monitor effectiveness.
- Work to adopt the Groundwater Protection Ordinance by continuing to collaborate with the business community and by providing public information and education.
- After groundwater ordinance adoption, develop and execute an implementation plan for compliance that includes interdepartmental coordination on inspections, permits, environmental development review, HMIS/HMMP information sharing, database development, data capture, public outreach and education, and GIS work.
- Develop a citywide groundwater monitoring and inspection program.
- Update the City's Wellhead Protection Plan with current information and a susceptibility assessment.
- Continue active participation in the Cascade Water Alliance to develop regional water supplies, including the acquisition of water rights for Lake Tapps.
- Begin construction of Source Improvement project to rebuild Wells 1, 2, 3 and 5.
- Continue to aggressively execute the Capital Investment Program.

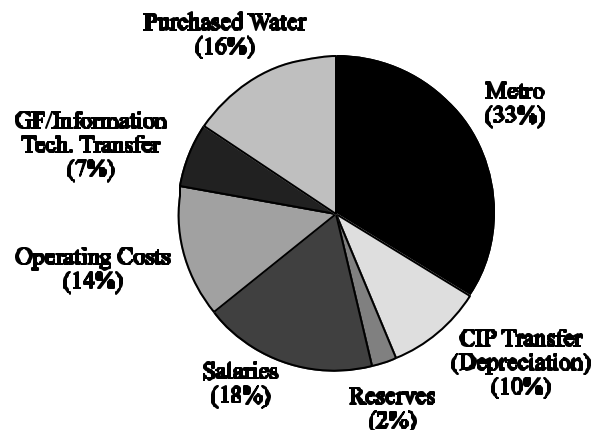
## SUMMARY OF DEPARTMENT RESOURCES

2003-2004 Budget \$40,669,909

By Division/Program Area



By Category of Expense



**DESCRIPTION OF PROGRAM INCREASES (REDUCTIONS)**Development Services Manager: (\$50,000; .25 FTE)

Eliminates the Development Services Manager position that would oversee the Development Services division. This position is funded 50% by the General Fund, 25% by the Water/Wastewater Utility, and 25% by the Stormwater Utility. There are currently two managers who report to the Assistant Director and work directly with the Public Works Director as representatives of the Department in the development review process. This organizational structure would stay in place through the next biennium to allow time to monitor and evaluate the success of the newly formed division and this structure. If the growth trend accelerates in the future, this reduction would need to be reevaluated.

Operating transfer for small engine mechanic (\$32,000)

This item reflects a shift in funding for a small engine mechanic from the General Fund – Parks to the Water/Wastewater Utility and the Stormwater Utility. This position provides support to the Parks, Public Works and Utility programs within the City. Financing of this position was re-evaluated to ensure each program is contributing appropriately toward this position. This item reflects the result of this re-evaluation. See corresponding descriptions in the General Fund – Parks and Stormwater Management sections.

Administrative Assistant – Development Services – Transfer to Utility (\$22,500; .25 FTE)

Moves .25 FTE from the General Fund – Public Works to the Water/Wastewater and Stormwater Management Utilities. This reduction is accomplished by redistributing workload after the departmental reorganization. This administrative assistant took over the responsibility of utility permitting; therefore labor costs need to be redistributed accordingly. There will be no impact on goals or priorities caused by this change.

Water resource vulnerability assessment and emergency response plan: \$25,000

This item complies with a newly adopted federal mandate requiring all public utilities to review and assess their systems for vulnerability to a terrorist attack. This mandate, included in the Federal Bioterrorism Act of 2002, is an amendment to the Safe Drinking Water Act. Areas requiring review include physical barriers, water collection, pretreatment, treatment, and storage and distribution facilities. For Utilities with a population of 50,000 and under, this assessment is due to the Federal Environmental Protection Agency by June 30, 2004. Administration for this item is included under the Water Operations Division.